

## CHAPTER 12:

# LAW RELATING TO CONSUMER PROTECTION

1. *The Act has been enacted to protect the interest of consumers, and for the creation of authorities for the administration and settlement of consumer disputes.*

2. *Under the Act, consumer means any person who buys/avails any goods/services for consideration, which has been paid, promised, partly paid, partly promised or under a system of deferred payment; and further also includes any user/beneficiary who has availed the goods or services with the approval of the person who has paid the consideration. It does not include a person who has obtained the goods or availed services for any commercial purpose.*

### 3. **Complainant**

(a) *A consumer.*

(b) *Any voluntary consumer association.*

(c) *The Central Govt or State Govt.*

(d) *Central authority.*

(e) *When there are numerous consumers, any one or more consumers on behalf of all.*

(f) *In case of death, the legal representative.*

(g) *In case of minor, his guardian.*

### 4. **Complaint**

*It is a written allegation for obtaining any relief under the Act.*

*The complaint could relate to unfair contract, unfair trade practice on goods or services having some defect or deficiency or the price is in excess of the price fixed under law.*

**5. What is commercial purpose?**

*The word commercial purpose means when the goods are purchased for some profit-making activity on large scale which generally involves employing various people to perform the task. In such cases, the person could be excluded from the definition of consumer.*

6. *In Laxmi Engineering Works vs PSG Ind Institute, the Supreme Court held that what is commercial and what is not is always a question of fact and if the purchaser purchases any goods for the purpose of earning the livelihood by means of self-employment, then it shall not amount to commercial purpose and the person could be considered as a consumer.*
7. *Even if the person took the help of one or two persons to assist him in operating the machine he will still be a consumer.*
8. *In Bhupendra Jang Bahadur vs Regional Manager and others, the National Commission held that a tractor which was purchased by a farmer to till his own land and if the same was let out during his idle time, it would not amount to commercial purpose and the farmer could still be a consumer.*
9. *In Laxmiben vs Sakerben and others, the Supreme Court held that a tenant is not a consumer for those services which are not written in the lease agreement, hence there is no question of deficiency in service.*
10. *In Northern Eastern Railways vs Sanjay Shukla, it was held in this case that trains which are delayed without any reasonable justification will come under the purview of deficiency in service and shall be liable to pay compensation for delay in the arrival unless the railway company can justify the delay.*

**11. Following are the people who are not consumers**

- (a) Who obtains any goods or services free of charge.
- (b) Who obtains any goods or services for commercial purpose.
- (c) Who avails services under contract of service.

**12. What are consumer rights?**

- (a) The right to be protected against marketing which are hazardous to life.
- (b) The right to be informed about quality, quantity, potency, price.
- (c) Right to consumer awareness.
- (d) Right to be heard.
- (e) Right to seek redressal.

**13. Defect / Deficiency**

- (a) Defect is any fault or imperfection in the quality, quantity, purity in a product which is required under any law for the time being in force.
- (b) Deficiency means any fault or imperfection in the quality, nature or manner of performance which is required to be maintained under any law for the time being in force.
- (c) Further it also includes an act of negligence, commission or omission which causes or is likely to cause injury.

**14.** In *Dr. Harish Kumar Khurana vs Joginder Singh*, it was held that the medical professionals cannot be held liable for deficiency in service merely because the treatment was not successful.

**15.** The court further held that the hospital and doctors are required to take sufficient care and if that has been done, then the person cannot make the hospital or doctor liable.

**16.** The hospital or doctor can only be held liable if gross negligence on their part can be proved.

### 17. Unfair Trade Practice

*It is any kind of unfair method adopted by the seller for the purpose of promoting the sale/supply/use of their goods or services.*

### 18. Following practices have been held to be unfair trade practices:

- (i) Making any statement which:
  - (a) Falsely represents that the goods/services are of a particular standard/quality.
  - (b) Falsely representing rebuilt, second-hand goods as new goods.
  - (c) Falsely representing that the seller has any affiliation, which in reality he does not have.
  - (d) Giving any warranty or guarantee about the life or performance of any product which is not based on adequate testing.
  - (e) warranty or guarantee provided with no intention of actually repairing/replacing goods.
  - (f) which gives any facts about the goods or services of another topic
- (ii) Publishing any advertisement to display to the public a bargain price of the goods or services which are not intended to be offered for sale at the bargain price.
- (iii) Permitting the offering of any gifts without the intention of actually providing it, or where it is shown that the purpose gift is for free but the price is actually charged upon the consumer.
- (iv) Permitting the sale or supply of goods that does not comply with prescribed standards.
- (v) Permitting the hoarding or destruction of goods in order to raise price of the goods.
- (vi) Manufacturing of spurious goods.
- (vii) Not issuing bill after sale.
- (viii) Refusing to take back goods or withdraw deficient services and to refund consideration within stipulated period and if no period is decided then within a period of 30 days.

19. Service means a service of any description but it does not include the rendering of any services free of charge or contract of personal service.

**20.** In *Indian Merchants Association vs VP Shantha*, the Supreme Court observed that a contract for service implies a contract wherein a person renders professional services to another and he is not subject to the control of the other person, which means he uses his own discretion. On the other hand.

Under contract of service, there is an employer-employee relationship wherein the employee works as per the discretion of the employer.

**21.** Contract of service has been excluded from the purview of being a consumer, hence the exclusion contract of personal service here intends to include all those services which are rendered by the employee to the employer.

## **COMMISSIONS:**

### **22. Consumer Protection Council**

#### **(a) Central Consumer Protection Council**

- (i) It is created by the Central Government (CG) and is called as the Central Council.
- (ii) It is an advisory body and can only provide recommendation to the Govt.
- (iii) The council comprises of a chairperson and such other official and non-official members as may be required.
- (iv) The Minister in charge of the consumer affairs under Government is the Chairperson.
- (v) They should meet at least once a year.

#### **(b) State Consumer Protection Council**

- (i) It is created by the State Government (SG) and is called as the State Council.
- (ii) It is an advisory body and can only provide recommendation to the State Govt.
- (iii) The council comprises of a chairperson and such other official and non-official members as may be required not exceeding 10.
- (iv) The Minister in charge of the consumer affairs under State Govt is the Chairperson.
- (v) They should meet at least twice a year.

**(c) District Consumer Protection Council**

- (i) It is formed by the State Government and is called as the District Council.
- (ii) It is an advisory body & can only provide recommendation to the State Government.
- (iii) It comprises of a Collector of the district who happens to be Chairman and such other official and non-official members as may be required.
- (iv) They should meet at least twice a year.

**23. Central Consumer Protection Authority (CCPA)**

It is the responsibility of the CG to establish an authority which can regulate the matter of violation of consumer rights, misleading advertisement, unfair trade practices.

- 24. The Authority is created in the name of Central Authority which is headed by Chief Commissioner along with such number of other commissioners as may be appointed by CG.
- 25. The CCPA has its own investigation wing headed by the DG for the purpose of conducting inquiry and investigation under the Act.
- 26. The CG may appoint such number of additional/joint/deputy directors as may be required.
- 27. All the other appointed officers shall function under the general control and supervision of the DG.
- 28. Once the inquiry and investigation is complete, a report of the same is submitted to the central authority.

**29.** Any complaint relating to the violation of consumer rights, unfair trade practices, or false or misleading advertisement can be filed in front of:

- (a) Central Authority
- (b) Commissioner
- (c) District Collector

**30. Powers and Functions of the Authority**

The Authority is empowered to:

- (i) Protect/Promote/Enforce the rights of consumers.
- (ii) Prevent unfair trade practice.
- (iii) Prohibit misleading advertisement.
- (iv) Ensure that no person takes part in misleading advertisement.

**31.** For the above purpose, the central authority may do any of following acts:

- (i) Conduct inquiry/investigation into violation of consumer rights, unfair trade practice.
- (ii) File a complaint before the DC/SC/NC.
- (iii) If required intervene in between the proceeding of the commission.
- (iv) Recommend the adoption of international practices on consumer rights.
- (v) Undertake research and promote awareness on consumer rights.
- (vi) Issue necessary guidelines to promote consumer rights and prevent unfair trade practice.

**32. Power of Central Authority to Recall Goods**

When the Authority is satisfied that there is sufficient evidence showing violation of consumer rights, it may pass an order to:

- Recall the goods or withdraw the services which are hazardous,
- Order for reimbursement, and
- Discontinue such practice which are against the consumer rights.

### 33. Penalties in case of misleading advertisement

- (i) If the Authority is satisfied that there has been any false advertisement, then it may order the discontinuation of that advt. or modification of the same.
  - (ii) To impose a penalty for misleading advt. upon the manufacturer/endorser of up to ₹10 lakh for the first offence and up to ₹50 lakh for subsequent offences.
  - (iii) Further, in case of endorsers, it may also put a ban of up to 1 year for the first offence and up to 3 years for subsequent offences.
  - (iv) Further the punishment upon the publishers for misleading advt. is up to ₹ 10 lakh.
- NOTE: An endorser/publisher will not be liable if they prove that they exercised all due diligence to verify the claims.

### 34. While determining the penalty, the following things are considered:

- (a) The population impacted.
- (b) The frequency of offence and its duration.
- (c) The class of persons likely to be affected.
- (d) The gross profit (revenue earned by the person - 10% has to be given).

### 35. Search and Seizure

The Director General (DG), for the purpose of conducting an investigation in any cases of violation of consumer rights/unfair trade practices shall enter any premises within reasonable time and, if required, seize the document/articles.

Further he is required to make a note/inventory of the article so seized.

If the article seized is of speedy/natural decay, then the DG shall order for its disposal.

If the determination of a defect is alleged in the goods which cannot be ascertained without proper testing, then the authority may refer the same to the laboratory to find out the defect and the laboratory shall report back within 45 days.

**Note:** If the DG does a vexatious search or causes it to be done, then such offence is punishable with imprisonment up to 1 year or with fine which may extend up to ₹10,000 or both.

### **36. Appeal Against Central Authority**

*Can be filed before NC within 30 days of the order.*

### **37. District Consumer Disputes Redressal Commission**

*The SG establishes the DC for each district to adjudicate consumer disputes.*

*Each DC shall consist of a President and a min of 2 members.*

*Jurisdiction – To hear complaints where the value of goods and services does not exceed ₹50 lakh.*

*The complaint should be filed in front of DC in whose jurisdiction:*

*(a) The opposite party resides or voluntarily works.*

*(b) Where the cause of action wholly or partly arises.*

*(c) The complainant voluntarily resides.*

### **38. Manner**

*A complaint regarding any defect in goods or deficiency in service may be filed by the consumer/any recognized consumer association/CG/SG/CCPA or with the district commission.*

*The complaint shall be in writing or may be filed offline or online.*

*Normally 3 copies are required to be submitted, of which 1 is retained by DC, 1 to the complainant, and 1 to the opposite party.*

### **39. Proceedings before DC**

*Every hearing in front of DC shall be conducted in front of President and at least 1 member, and in the event the member is unable to continue, the other member can continue the hearing.*

*Upon a complaint being filed with the DC, it has to accept or reject the same within 21 days, Failure to respond amounts to deemed acceptance.*

*As a general rule of natural justice, if the authority intends to refuse i.e. reject the opp., then it has to provide reason for the rejection.*

#### **40. Mediation**

*If the commission sees that there is a chance of settlement, then it may order the parties to make a request within the next 5 days to move the parties for mediation.*

#### **41. Procedure on Admission**

*Upon admission of a complaint or failure of the mediation, the DC shall send a notice in the next 21 days to the opposite party to submit his version of the case within the next 30 days, which may further be extended with a period not exceeding 15 days.*

*If the opposite party denies/disputes or fails to respond within the stipulated period, then the District Commission (DC) shall proceed to settle the dispute in the following manner:*

#### **42. Case 1 – Where the goods suffer from a defect which cannot be ascertained without testing:**

- (a) Collect the sample, seal it, authenticate it, and refer it to the appropriate laboratory.*
- (b) Require the complainant to deposit the required fees.*
- (c) Transfer the fees to the lab for conducting the test.*
- (d) The laboratory shall submit the report within 45 days.*
- (e) Send the copy of the report to both the parties, and if either of the party has any objection, provide an opportunity of being heard(OOBH).*

#### **43. Case 2 – Where the complaint relates to a service or any goods in which the above process cannot be followed:**

- (a) Refer a copy of the complaint to the opposite party allowing him 30 days to respond or such extended period not exceeding 15 days.*
- (b) In the event the opposite party denies/disputes the same, then the DC shall decide the complaint on the basis of evidences brought by the parties or if the defendant was not present, then an ex-parte order may be passed on the basis of evidence brought by the complainant or on the basis of merits of the case, if the complainant fails to appear.*

- 44.** *The proceedings cannot be challenged on the ground of natural justice if it complies with above.*
- 45.** *All proceedings done by DC shall be on affidavits and in case an application for oral hearing has been made, the DC may allow oral hearing.*
- 46.** *Every complaint shall be disposed off within 3 months from receipt of notice by opposite party, and in case where testing is required, then the complaint should be disposed off within 5 months.*
- 47. For above purpose, DC shall have the powers of a civil court:**
- (a) Summoning and enforcing attendance*
  - (b) Requiring production of any documents*
  - (c) Issuing commissions to examine the same*
  - (d) Receiving evidences on affidavits*
  - (e) Requesting the laboratory for reports*
- 48. Findings of DC:**
- Where the DC is satisfied that there is a defect or deficiency, it may order:*
- (a) To replace the goods with new goods*
  - (b) To discontinue the unfair trade practice*
  - (c) To return to the complainant the price of the goods or services paid*
  - (d) To order compensation to consumer for any loss*
  - (e) To seize and desist from misleading advertisement*
  - (f) To issue corrective advertisement*
  - (g) To remove defects in goods or deficiency in services*
- 49. Review Application**
- If there is any error apparent, then the Commission may suo moto or on an application made within 30 days, review the order passed.*

### **50. Appeal**

- (a) Any person aggrieved of the decision of DC may prefer an appeal in front of SC within 45 days.
- (b) An appeal from the DC to SC can be on both the question of fact or law.
- (c) No appeal shall be entertained unless the appellant has deposited at least 50% of the amount ordered by the DC.
- (d) No appeal in case of settlement by mediation.

### **51. State Consumer Disputes Redressal Commission (SCDRC)**

The State Government establishes a Consumer Dispute Redressal Commission, to be known as State commission comprising of a President and not less than 4 members.

### **52. The jurisdiction of SCDRC includes:**

- (a) Complaints where the value of goods or services exceeds ₹50 lakh but does not exceed ₹2 crore.
- (b) Complaints regarding unfair contracts where the value does not exceed ₹2 crore.
- (c) Appeals against District Commissions (DCs).
- (d) It may also take up any consumer dispute pending before the DC where the same is not within its jurisdiction.

### **53. What do you mean by unfair contract?**

An unfair contract means a contract whereof such terms and conditions are added which significantly affects the rights of consumers. Further it includes the following:

- (a) Requiring excessive security deposits to be paid by the consumer.
- (b) Imposing any penalty which is disproportionate to the loss.
- (c) Refusing early repayment of debt even after the payment of applicable fees.
- (d) Allowing any party to terminate a contract unilaterally.
- (e) Imposing any unreasonable charge upon the consumer.

- 54. Review** – The State commission(SC) can suo moto or upon an application made within 30 days review any order passed by it if there happens to be any error.
- 55. Appeal** – Any person aggrieved from the decision of SC may prefer an appeal to the NC within 30 days from the order (delay may be accepted provided sufficient cause is proved).
- 56.** No appeal to be entertained unless there is a question of law and the appellant has to deposit 50% of the amount ordered by the SC.
- 57.** If the NC is satisfied that there is a question of law then it shall adjudicate the same and proceed to hear the case.
- 58. Is the pre-deposit condition mandatory and can the court at its discretion waive off the pre-deposit condition?**
- (a) The pre-deposit condition is a measure adopted under the law in which the respective commission before accepting an appeal requires 50% of the amount ordered to be deposited before hearing the appeal.
- (b) This issue was raised in the case of Manohar Infra Pvt Ltd vs Sanjay Kumar in which Supreme Court held that the condition of pre-deposit is mandatory and the purpose behind the same is to avoid frivolous appeal.
- (c) The court further added that 50% pre-deposit is mandatory and the National Commission can require higher amount of deposit with it.
- (d) If the commission does so then it has to assign a special reason for the same. So going by the above provision the condition of pre-deposit is mandatory. However it may be increased by assigning a special reason.
- 59. Hearing of Appeal** – Any appeal filed in front of any commission shall be disposed of within a period of 90 days and in the event of any delay the commission has to assign a reason for the same.

**60. National Consumer Disputes Redressal Commission**

The CG has the power to establish a consumer dispute redressal commission in name of National Commission(NC) which shall comprise of a President and not less than 4 members.

**61. The jurisdiction of NC includes**

- (a) complaints where the value of goods/services exceeds 2 Cr.
- (b) complaints regarding unfair contracts where value exceeds 2 Cr.
- (c) Appeal against SC.
- (d) Appeals against Central Authority.

**62.** All the decisions of NC is to be decided as per majority of votes and in the event of any tie, the matter is referred to the other member who should give his opinion within 2 months of reference.

**63. Review** – The NC can suo moto or upon an application made within 30 days review any order passed by it if there happens to be any error.

**64. Procedure for Service of notice**

All notices are sent through Service/Registered post, speed post/courier with an acknowledgement due. Further the same could be sent through electronic platform.

**65.** When an acknowledgement is received back by DC/SC/NC with an endorsement by the postal employee that the opposite party refused to take the delivery the commission shall declare the notice as served.

**66.** A notice to be served upon the opposite party shall be sent to the place from where he carries on his business and in case of complainant, where he resides.

**67. Appeal** – An appeal against NC can be filed in front of the Supreme Court within 30 days of the order.

The 50% pre-condition is required even in case of appeal to Supreme Court.

**68. Limitation Period** – 2 years from where the cause of action arose.

**69. Mediation**

The Central Govt in case of NC and State Government in case of SC and DC has the right to establish a consumer mediation cell attached with each commission.

**70. Each such mediation cell shall maintain –**

- (a) A list of empanelled mediators.
- (b) A list of cases handled by the cell.
- (c) Record of proceedings.

**71. If pursuant to mediation an agreement is reached between the parties then such agreement shall be reduced in writing and be signed by the parties.**

**72. There may be a situation in which some of the issues are resolved while the others could not be then a settlement report of those issues which have been resolved shall be reduced in writing and be sent to the commission and in the event of failure of mediation a report regarding the failure should be sent.**

**73. The commission shall within 7 days of receipt of settlement report pass suitable orders and dispose off the matter.**

**74. When only part of the dispute were settled or where the mediation failed the commission shall hear only the issues involved in the dispute.**

### **75. Product Liability**

*What do you mean by Product Liability Action and State the exceptions?*

*It is an action brought by the complainant against a manufacturer / seller or a service provider for any kind of harm or injury because of a defective product.*

**76.** *But in the following cases a product liability action cannot be brought, where –*

- (a) At the time of the harm the product was being misused/altered.*
- (b) The product was purchased by employer and necessary instructions and warnings were given to him but he failed to pass on same to his employees.*
- (c) The product was sold as a component which was to be used in the final product and the harm was caused by the end product.*
- (d) The product was meant to be used under expert supervision, and instructions were given to the experts.*
- (e) When the product was used under the influence of alcohol or any other drug which was not prescribed by a medical practitioner.*
- (f) Where a manufacturer did not give warnings for those dangers which are obvious.*

### **77. Liability of Product Manufacturer**

*The product manufacturer would be liable if –*

- (a) The product has manufacturing defect.*
- (b) Defective design of product.*
- (c) There is a deviation from the specifications given by the manufacturer.*
- (d) The product fails to contain adequate instructions.*

### **78. Liability of Product Service Provider**

- (a) The service provided by him is faulty or imperfect.*
- (b) The act of conscious withholding of any information which cause the harm.*

### **79. Liability of Product Seller**

*A seller shall be liable only if –*

- (a) He has exercised substantial control over the designing, manufacturing, packaging of the product.*
- (b) He has modified the product which was the main cause of harm.*
- (c) He made an expressed warranty independent of the manufacturer and failed to conform the same.*
- (d) The product has been sold by him without providing liability of manufacturer or grounds upon action couldn't be taken.*

### **80. Offences and Penalties**

*Whoever fails to comply with the order of Central Authority shall be punished with imp which may extend upto 6 months or with fine which may extend up to 20 L.*

*Misleading Advertisement :A manufacturer who indulges into misleading advertisement shall be punished with imprisonment which may extend upto 2 years and with fine which may extend up to 10 L and in case of sub offence imprisonment up to 5 yrs and with fine up to 50 Lakhs*

### **81. Compounding**

*Any offence which is punishable under the COPRA in which imprisonment is not mandatory may be compounded by paying certain fees.*

*No compounding shall be made without the approval of court and court may order such sum which shall not exceed the maximum amount of fine provided in that section.*

*No similar offence shall be compounded within a time span of 3 years, post which it shall be treated as a fresh offence.*

*Once the offence is being compounded then no further action or proceeding in respect of same matter can be made.*

**82. Punishment for manufacturing product containing adulterant**

- (a) Where it does not result into any injury – Imprisonment up to 6 months and fine up to 1 Lakh.
- (b) Where it results into injury but not a grievous hurt – Imprisonment which may extend up to 1 year and fine up to 3 lakhs.
- (c) Where it results into grievous hurt – Imprisonment up to 7 years and fine up to 5 lakhs.
- (d) Where it results into death – min 7 years imprisonment but which may extend up to life Imprisonment and fine which shall not be less than 10 Lakh.

**Note:** The court in the first conviction may suspend the license for up to 2 years and in case of subsequent offence the license shall be cancelled.

**83. Spurious goods**

- (a) Where it results into injury but not a grievous hurt → Imprisonment which may extend up to 1 year and Fine up to 3 Lakhs.
- (b) When it results into grievous hurt → Imprisonment up to 7 years and Fine up to 5 Lakhs.
- (c) When it results into death → Min. 7 years Imprisonment but which may extend up to Life Imprisonment and fine which shall not be less than 10 Lakhs.

**84. E-commerce**

E-commerce entity means any person who owns or operates any electronic platform for electronic commerce.

Every e-commerce entity should provide the following info –

- (a) The name of e-commerce entity.
- (b) The address of its headquarters and all its branches.
- (c) Details of the website.
- (d) Contact details of a grievance officer.
- (e) The e-comm entity should adopt any quality control practice.

**85. Set up of redressal mechanism**

*Every e-commerce entity shall ensure that the grievance are acknowledged within 48 hours and be resolved within 1 month.*

**86.** *Where the goods offered are imported then it should mention the importer details as well.*

**87.** *No such entity should charge cancellation charges upon any consumer which are not similar to the charges borne by the e-commerce entity.*

**88.** *All the return request should be settled as per the RBI prescribed norms.*

**89. Marketplace E-commerce entity**

*This is an entity which provides a platform to allow interaction between buyers and sellers through electronic platform.*

**90. Liabilities of marketplace E-commerce entities**

*Every marketplace e-commerce entity shall require its seller to ensure that the description and the content of the goods should accurately correspond to the goods provided (same for services).*

**91. It should also provide the following info –**

- (a) Provide details of the seller who is providing the goods,*
- (b) In case of any complaint, lodge a ticket number.*
- (c) Information of return, refund, exchange, guarantee, shipment details.*
- (d) Information about the available payment methods.*

**92.** *Every marketplace e-commerce entity should take reasonable efforts to maintain the records of information allowing for the identification of all sellers whose products or services have been previously disabled.*

**93. Entities and Role of Inventory e-commerce entities**

*Inventory e-commerce entity means which owns the inventory of goods services and sells them directly to consumers.*

**94. Duties and Liabilities**

*Every Inventory e-commerce entity shall provide following info:*

*(a) in case of any complaint, lodged a ticket number.*

*(b) information of refund, return, exchange, guarantee, shipment details.*

*(c) information about available payment methods.*

*(d) Total price in single figure along with breakup price showing all voluntary as well as compulsory cost.*

**95.** *No e-commerce entity shall represent itself as a consumer and post reviews about the goods and services offered by them.*

**96.** *It should ensure that the advertisement is consistent with the actual characteristics.*

**97.** *No e-commerce entity shall refuse to take back goods or discontinue service if it is defective or deficient.*

**98.** *No such entity should vouch for the authenticity of the goods or services sold and if they do so, they should bear appropriate liability.*

**99. Direct Selling** *means distribution of goods or services through personal of selling other than permanent retail location.*

**100.** *Applicability is upon all goods or services sold through direct selling, all modes of direct selling, all direct selling entities.*

### **101. Necessary maintenance of records**

Every Direct Selling Entity (DSE) shall maintain the following documents –

- (a) COI/MOA/AOA
- (b) PAN / TIN / GST / Income Tax Returns
- (c) Balance Sheet / Audit Reports
- (d) Registry of direct sellers
- (e) Certificate of Export Import code

### **102. Obligations of DSE**

Every DSE shall have min 1 physical location in India, a declaration that it is not linked to any pyramid scheme / money circulation scheme.

Every DSE should own the trademark which identifies the goods / services but shall not give any commission/bonus on the sale of goods of which it is not the owner.

Get all the information uploaded on the website.

Have a written agreement with all its direct seller in order to authorise them to sell goods/services.

Create agreements to ensure goods / services conform to applicable laws.

It shall be liable for grievances arising out of sale of goods / services.

### **103. Obligations of direct seller**

(a) Every direct seller shall have a contract with the direct selling entity in order to undertake the sale of goods or services.

(b) The seller should at the start of the sale representation truthfully identify himself and the Identity of DSE

(c) obtain GST / PAN.

(d) Ensure that product delivered matches the description of the product given.

A direct seller shall not –

visit any consumer's premise without identity card and prior appointment and neither should he provide any information which is not approved by the DSE.

Make any claim which is not consistent with the claim authorized by DSE.

#### **104. Other Obligations of DSE –**

*Following info on the website should be provided*

- (a) Name of DSE*
- (b) Address of DSE and its branches.*
- (c) Contact details (including e-mail address).*
- (d) In case of any complaint lodged, a ticket no. should be given.*
- (e) Info regarding return / refund / exchange / guarantee / shipment.*
- (f) Total price of the goods / services including the breakup of price.*

#### **Other miscellaneous points include**

- (a) No DSE should adopt any unfair trade practice.*
- (b) Every DSE should store sensitive personal data as per applicable laws and should take appropriate steps to protect same.*
- (c) If the DSE vouches for authenticity of goods or guarantees about same, he shall then bear the liability.*
- (d) No DSE should do any misleading advt.*
- (e) Every DSE shall maintain a database of its direct sellers.*